

## Message Text

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12

ACTION NEA-09

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 ISO-00 TRSE-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

FRB-03 PA-01 PRS-01 /122 W

----- 063474

R 080855Z MAY 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2939

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY JAKARTA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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DEPARTMENT PASS TREASURY

DEPARTMENT PASS OTHER OPEC/OAPEC/OECD POSTS AS DESIRED

E.O. 11652: N/A

TAGS: EFIN, ENRG, KU, XX

SUBJECT: OAPEC AND DEVELOPMENT OF ARAB UNIT OF ACCOUNT

REF: A) KUWAIT 1938 B) KUWAIT 985

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1. WE NOTE THAT SOME WESTERN NEWSPAPERS, NOTABLY FINANCIAL TIMES OF MAY 6, IN REPORTING ON RECENTLY CONCLUDED OAPEC MINISTERIAL MEETING HERE (REF A) HAVE EMPHASIZED REQUEST BY COUNCIL OF MINISTERS THAT OAPEC SECRETARIAT STUDY POSSIBILITY OF ESTABLISHING MONETARY UNIT OF ACCOUNT. FT AND OTHER PAPERS ARE INTERPRETING THIS AS FIRST STEP TOWARD OAPEC STATES RECALCULATING THEIR OIL REVENUES, AND FT HEADLINED THEIR STORY WITH QUOTE OAPEC MAY QUIT \$-STANDARD FOR OIL UNQUOTE.

2. WE THINK FT AND OTHER PAPERS ARE MISINTERPRETING OR AT LEAST OVERDRAWING WHAT OAPEC IS DOING. AS NOTED REF A, OAPEC STATES OUT OF DEFERENCE TO NON-ARAB OPEC MEMBERS DECIDED TO LEAVE OIL PRICING QUESTION TO OPEC, AND WE ASSUME THIS WOULD INCLUDE CURRENCY OR OTHER MONETARY UNIT BY WHICH OIL REVENUES WOULD BE CALCULATED.

3. IN ADDITION, AS NOTED IN REF B, OAPEC GROUP HAS BEEN LOOKING INTO POSSIBILITY OF CREATING A PAN-ARAB UNIT OF ACCOUNT WHICH COULD BE USED TO EXPRESS CAPITALIZATION OF GROWING NUMBER OF PAN-ARAB COMPANIES BEING FORMED, INCLUDING THOSE UNDER OAPEC AUSPICES. EVEN HERE, HOWEVER, OUR UNDERSTANDING IS THAT PRIMARY ARAB GROUP STUDYING QUESTION OF CREATING ARAB UNIT OF ACCOUNT (AUA) IS ARAB CENTRAL BANK GOVERNORS. THIS GROUP MET IN BAGHDAD EARLIER THIS YEAR, AND HOPES TO HAVE A REPORT READY IN TIME FOR SEPTEMBER IMF MEETING IN WASHINGTON.

4. APPEARS, THEREFORE, THAT OAPEC WILL BE STUDYING GENERAL QUESTION, BUT MORE SIGNIFICANT WORK ON AUA WILL BE DONE BY ARAB CENTRAL BANK GOVERNORS AND OIL PRICE QUESTIONS WILL BE HANDLED BY OPEC.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, MINISTERIAL MEETINGS, IMPORTERS, PRICES  
**Control Number:** n/a  
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**Draft Date:** 08 MAY 1975  
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**Disposition Date:** 28 MAY 2004  
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